UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

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Distr.
LIMITED

E/ECA/CM.10/66
26 February 1977

ENGLISH

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA
First Regional Symposium on African SMEs
Addis Ababa, 6-8 March 1977

ON THE FINANCIAL CRISIS FACING THE CONSTRUCTION
OF AFRICAN STATE PAPERS - PROCLAMATION
(NEW)

PAPERS FOR PRESENTATION AT THE SYMPOSIUM
S
OF THE HIGH COURT OF AFRICA
ESTABLISHED BY THE OAU
OF THE OAU/ECA SYMPOSIUM
ON AFRICAN HISTORY OF STATE

Addis Ababa
March 1977

I. PURPOSE

1. The Association of African Trade Promotion Organizations (AATPO) has a two-fold purpose in presenting this memorandum:

(a) AATPO was conceived, created and launched jointly by the Organization of African Unity (OAU) and the United Nations Economic Commission for Africa (ECA). Accordingly, AATPO functions under the joint auspices of the OAU and ECA. Indeed, this is expressively stated in Article I of the Association's Constitution. The Secretary-General of AATPO, therefore, considers it necessary, if not imperative, in the first instance, to bring the grave financial crisis, currently threatening the very existence of the Association, to the attention of the relevant organs of the OAU and ECA, viz., ninth meeting of the Joint ECA/OAU Conference of African Ministers of Trade and the ECA Council of Ministers. Hence this memorandum is addressed to these two distinguished groups of Ministers. (List of AATPO member States attached hereto as annex I.

(b) Apart from the critical financial situation, the operations of the Association have revealed serious, structural, weaknesses which demand early corrective attention. Accordingly, this memorandum also addresses itself to this problem, and suggests a two-pronged approach to the question of revitalizing the Association.

(i) Selective and critical amendments to the Association's Constitution; and

(ii) A retrenchment of the Association's budget.

2. While suggested amendments to the Constitution are inserted in the copy of the Constitution attached hereto as annex II, a suggested retrenched budget is attached hereto as annex I.

II. THE CURRENT STATE OF AFFAIRS

3. As already observed in Part I of this memorandum, the Association of African Trade Promotion Organizations (AATPO) currently suffers from two kinds of malaise:

(a) Lack of the wherewithal with which to pursue its assignment under its Constitution and the Lagos Plan of Action, and

(b) Certain structural weaknesses which reduce its effectiveness as a crossroads for contacts among its member States as well as a catalyst to the promotion of intra-African trade.

A. The Financial Crisis

4. AATPO member States currently owe the Association a total of $US 3,449,235.52 in arrears of their assessed contributions to the Association's budget for the period 1975-1986 (vide annex III hereto). Out of this amount:

(a) Debts which the Association owes for goods and services which it has been able to receive on credit over the period 1975-1986 stand at $US 678,845.69, of which $US 654,930.38 is owed to the Association's own staff, representing emoluments unpaid since March 1986.

(b) The balance of $US 3,770,389.83 represents the total of the amounts voted for the implementation of the Association's Programmes of Work in the period 1975-1986. It is the value of the services which AATPO should have rendered to the member States in that period, but which the member States have had to forego because they did not make available to AATPO the resources necessary for the implementation of the Programmes of Work.

5. In spite of these severe financial constraints, however, the Association has managed to render some significant services to the member States. Its success in that regard can only be described as remarkable, if not miraculous. To perform the feat, the Association has had to take recourse to two measures:

(a) Using resources obtained on credit. The continued production and publication of AFRICA TRADE, AATPO's quarterly periodical on intra-African trade and the Association's activities (page 6 below) the production and publication of the various directories (page 6), as well as the production and publication of perspectives on AATPO member States' trade (page 6) are cases in point; and

(b) Seeking, and where successful, utilizing technical and financial assistance from sources outside the assessed contributions of the member States. The Integrated Intra-African Trade Development Project (page 5 below) exemplifies this way of confronting the dearth of "domestic" resources of the Association.

B. The Structural Question

6. As at present constituted, the Association of African Trade Promotion Organizations (AATPO) lacks direct contact with the originators, formulaters and custodians of the member States' external trade policies. This seriously hampers the kind of co-ordination of trade policies on the continent envisaged in Article II of the Association's Constitution.

7. Current arrangements thus have a negative effect on the relations between the Association and the member States. For instance, access to the relevant political authorities of the member States for the Association's Secretary-General has proved particularly difficult because of this lack of direct link between the Association and the Trade policy makers in the member States.

8. Another, quite serious, negative effect of the present arrangements on the operations of AATPO is that member States have found it difficult to appreciate, for instance, that their being on AATPO's Bureau means in effect their being on the Association's Governing Board. As a result the Bureau has neither received the attention nor support of the policy making authorities of the member States.

III. AATPO'S POTENTIAL

9. The Association of African Trade Promotion Organizations (AATPO) is the only pan-African institution charged with catalyzing co-ordinated action by the African countries in the area of intra-African trade. In this connection it is necessary to underline its potential to carry out its mandate. This potential derives from four sources:

(a) What is assigned to it by its own Constitution. According to Article II of that Constitution, the main objectives of the Association are to:

(i) "Foster contact and regular flow of information and communication between African countries on trade matters;

(ii) "Assist in the harmonization of the commercial policies of African countries in order to promote intra-African trade; and

(iii) "Serve as an instrument for:

- The promotion of trade;
- Market research, and
- Export-oriented investments, particularly within Africa".

(b) What is assigned to it by the Lagos Plan of Action, both explicitly and implicitly. Paragraph 250, Section 3 of Chapter VII of the Plan, entitled TRADE AND FINANCE (OAU document ECM/ECO/9 (XIV) Rev.2), for instance, assigns a number of tasks to AATPO. Subsections (ii) and (iii) are particularly relevant in this regard.

(c) The confidence which the Association has earned internationally, and

(d) What the Association has actually achieved, particularly as a result of the international confidence mentioned at (c) above.

IV. AATPO'S ACHIEVEMENTS

10. The Association has to-date operated under severe financial constraints, as becomes obvious from the notes in Part II of this memorandum (page 2). Considering these constraints, AATPO's achievements are nothing less than remarkable, if not miraculous. Here below are summaries of those achievements.

A. Integrated Intra-African Trade Development

11. The Integrated Intra-African Trade Development Project has been the jewel in AATPO's crown of achievements. The project was implemented with technical and financial support from the European Economic Community and marks AATPO's entry into the area of direct promotion of trade among the African countries. The project consisted of:

(a) Supply and demand investigations of fruit and vegetables; hides and skins; meat and meat products, pharmaceuticals; vegetable oils; and wood and wood products in the following 14 AATPO's member States and other African countries (June-December 1984): Algeria, Cameroon, Cote d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Kenya, Mali, Morocco, Senegal, Sudan, Tunisia, and Zaire.

(b) Trade missions organized and conducted as follows:

(i) On hides and skins, to Egypt, mounted for Ethiopian and Sudanese exporters, July 1985; and

(ii) On wood and wood products, to Egypt and Tunisia, mounted for exporters from Cameroon and Ghana, September 1985.

(c) Follow-up Action taken as follows

(i) Workshop for Sudanese Exporters of hides and skins, Khartoum, June 1986

(ii) Workshop in Nairobi for Trade Promotion Officials from Ethiopia, Kenya, Somalia, Sudan and Uganda, June 1986

(iii) Workshop in Douala for Cameroonian exporters of wood and wood products, June 1986

(iv) Workshop in Douala, for Trade Promotion Officials from Cameroon, Gabon and Zaire, June 1986

(v) Workshop in Accra for Ghanaian exporters of wood and wood products July 1986, and

(vi) Workshop in Accra for Ghanaian and Liberian Trade Promotion Officials, July 1986.

B. Other Achievements

12. The rest of AATPO's achievements include

(a) The following Publications

(i) The best known of AATPO's publications is the periodical "LACU on African Trade" which is a quarterly publication of intra-African trade news

(ii) In addition, the Association has produced and is currently updating the older ones of the following directories

- Directory of African State Trading Organizations (1983, being updated)

- Directory of Trade Information Sources in Africa (1983, also under revision);

- Directory of Main Exporters and Importers of Food Products in Africa (1984)

- Bibliography on intra-African Trade (1986) and

- Calender of Trade Events in Africa (1985).

(iii) Another set of well-known AATPO publications are the economic monographs on the individual AATPO member States. Those already undertaken (some under revision or preparation) include

African Trade Perspectives: Cameroon (being completed
Egypt (being completed)
Ghana (1984)
Kenya (1985)
Libya (1983)
Morocco (1979, being revised)
Nigeria (1983)
Swaziland (1980)
Togo (1985)
Tunisia (1981)
Zambia (1981)
Zaire (1982)

Just begun are monographs on Ethiopia and Sudan.

(b) Trade Information Service

There is a fully-operational trade information service at AATPO Headquarters.

(c) Trade Information Missions

As part of a preliminary survey for the eventual establishment of a trade information data bank at ATTPO Headquarters, the Association in conjunction with Trade Information Service (TIS) of UNCTAD undertook early in 1984 a trade information mission to 10 AATPO member States.

(d) Seminars and Other Technical Meetings

The Association has todate organized seminars and other technical meetings as indicated below:

(i) Seminar on Trade Promotion by State Trading Organizations, organized jointly by ITC, PRODEC, UNCTAD and AATPO in Tangiers, Morocco, March 1980;

(ii) Seminar of Heads of African Trade Promotion Centres, organized jointly with UNECA, in Tangiers, Morocco, September 1980;

(iii) Symposium of Presidents and General Secretaries of African Chambers of Commerce, organized jointly by UNECA and AATPO, in Addis Ababa, Ethiopia, June 1981;

(iv) Symposium of Presidents and General Secretaries of African Chambers of Commerce, organized jointly with UNECA, in Harare, Zimbabwe, May 1982; and

(v) The six workshops organized in the period June-July 1986 as the final phase of the Integrated Intra-African Trade Development Project.

V. REVITALIZATION OF AATPO

13. As already indicated in Part I of this memorandum, a programme for revitalizing the Association has to address itself to the need for:

(a) Budgetary retrenchment, and

(b) A structural adjustment.

A. Budgetary Retrenchment

14. Although the budgets adopted by the Association's General Assembly in the period 1975-1986 have been realistic in that they have been commensurate with the member States' expectations from UNPTA, several of the member States have still complained that contributions they are called upon to make to the Association's budgets are too large. In this regard, two elements need to be explained:

(a) To begin with, the Association's budgets have been designed to cover not only the maintenance of the Secretariat but also the financing of the Association's Programmes of Work and it should be noted that, at the lowest possible level, a typical Programme of Work accounts for about one-third of the entire budget. Hence, in absolute terms, the Programmes of Work necessarily seem as if they inflate the budget and ipso facto the contributions which the member States are called upon to make to the Association's budget.

(b) However, in proportional terms, an effort to be fair and square with the member States has been made by the Association by basing its Scale of Assessment on that of the Organization of African Unity (Vide annex IV).

15. To accomodate the susceptibilities of the member States who have made budgetary complaints, then, the Secretary-General suggests a decoupling of the maintenance of the Secretariat from the financing of the Association's Programme of Work. This would have the overall effect of retrenching the Association's budget. The Secretary-General is convinced that such a retrenchment of UNPTA budget is indeed possible.

16. As observed in Part III of this memorandum, for instance, the Association has won the recognition and confidence of the international community at large. Consequently, provided the member States maintain the Secretariat, practically, if not absolutely, all the of the Association's Programmes of Work can now be carried out through co-operation between UNPTA and other (international and regional) institutions, thereby reducing by at least one third the contributions which the member States are currently called upon to make to the Association's budget.

17. In fact the Association has a proud history of fruitful co-operation with most of the following, other, institutions, and is already engaged in active consultations and negotiations for the purpose of co-operating and co-ordinating with them in the execution of programmes for the promotion of intra-African trade:

(a) European Economic Community (EEC);

(b) UNCTAD/GATT International Trade Centre (ITC);

(c) United Nations Volunteers (UNV);

(d) African Development Bank (ADB);

(e) United Nations Economic Commission for Africa (ECA);

(f) Organization of African Unity (OAU); and

(g) Several others (international, regional, subregional and national).

18. The basis of these consultations and negotiations is the Association's Medium Term Programme of Work at annex V hereto. Meanwhile a model of retrenched budget is attached as annex I.

19. The Association has also embarked on a programme the main aim of which is to make it financially self supporting within the next five years. The programme consists of

(a) Producing and selling high-quality literature on trade promotion matters, and

(b) Providing consultancy services on projects related to trade development and promotion.

The groundwork for the programme is already being laid.

4. Structural Adjustments

20. The strongest case for adjusting the Constitution of the Association is the need for the Association to have direct access to those responsible for the formulation and implementation of the member States' policies on external trade at the political level. As observed on page 4 of the memorandum, it is the bitter experience of the Association that its Secretary-General has generally been unable to have access to the Ministers in charge of these policies in the member States. Such lack of direct communication between the Association and its member States can only reduce, as it indeed has reduced, the effectiveness of ATPDC's pursuit of its assignment under Article II of its Constitution.

21. It is to remove such obstacles to essential intercourse between the Association and its principles - the member States - as well as other obstacles to the Association's performance of its tasks that the Secretary-General suggests, and has inserted, selected amendments to the Constitution of the Association attached as annex II hereto.

VI. CONCLUSION

22. It is the conviction of the Secretary-General of ATPDC that the Association is at a critical juncture in its existence. It is no longer possible for the crisis facing the Association to be simply ignored. It is time for decisive action to solve the problem. ATPDC must be revitalized or it must be dissolved. There is no half-way house as matters stand at present.

23. While the actual dues payable by the Association look modest against the total of the arrears of contributions from the member States, it is a very sad commentary on the Association that it has not paid emoluments due to its staff since the month of March 1986. It is unbelievable that the member States can countenance such a shameful situation.

24. The Secretary-General therefore appeals to the wisdom of the Honourable Ministers to take a decisive action on this matter. Either ATPDC has a useful role to play in the exciting task of developing our great continent or it has not.

25. If it is accepted as its Constitution avows and the Lagos Plan of Action endorses that the Association has this important role, then practical measures must be proposed and taken to revitalize and maintain it.

26. If it is, on the other hand, considered that Africa's development efforts do not need PATPO's contribution thereto - in other words, if it is considered that it was a mistake to setup PATPO in the first place - then again the Honourable Ministers must in their wisdom decide unambiguously that the Association is to be dissolved.

27. In that case, they must also make effective arrangements for and orderly process of dissolution. In particular, any arrangements for dissolution must provide for the liquidation of the debts now outstanding against the Association. Of these debts the most important are the debts now owed by the Association to its own staff for emoluments which it has not been able to pay to the staff since March 1986.

28. To say all this is not to advocate a dissolution of the Association. On the contrary, it is the strong conviction of the Secretary-General that PATPO has - not merely an important but - a crucial role to play in the economic development and self-sufficiency of our continent through the promotion of trade among the African countries. The Lagos Plan of Action did not take cognizance of this as an idle gesture. Therefore, if it were up to the Secretary-General to decide, he would have no hesitation in opting for the revitalization and maintenance of the Association, if need be under any other appellation. A rose by any other name smells just as sweet! Accordingly, this is the course of action which the Secretary-General recommends to the Honourable Ministers.

29. There is another reason why the Association should be revitalized and maintained rather than dissolved. Considering the current state of affairs, it would cost (as at 31 December 1986) US$ 673,845.69 to dissolve or to revive. (This amount in fact grows by US$ 56,570.49 per month. Hence the actual expenditure to be incurred either at dissolution or resuscitation will be: US$ 673,845.69 plus US$ 56,570.49 multiplied by the number of months after 31 December 1986 the action is taken). At the same time revitalization would result in annual maintenance of the Association to the tune of $US 573,238.00 the equivalent of a truncated annual budget.

30. Now, while dissolution would in absolute terms appear less burdensome, in that the US$ 673,845.69 plus would be a once-and-for all expenditure, it would at the same time, deprive Africa of an instrument of development just when the continent needs such an instrument.

31. On the other hand, while revitalization and maintenance of the Association would in absolute terms and in the long-run cost more than dissolution, it should be noted that, if revitalized, PATPO would be able to mobilize additional development resources through its programme of international cooperation. As well, it will be able to render to the member States the services for which it was set up, together with those assigned to it under the Lagos Plan of Action.

32. These additional resources and the services the Association would render to Africa would more than offset its revitalization and maintenance costs. This becomes easily apparent from the results of the 1984-1986 Joint PATPO/ITC Integrated Trade Development Project. For that Project, the ITC made available to the Association a sum of some $US 300,000. At the end of the Project, apart from training some trade promotion officials of the member States, actual intra-African trade flows valued at more than $US 3,000,000 had been generated with the modest sum of $US 300,000 a rate of success of 1UF 100 for every dollar invested.

33. At this rate of success, Africa stands to realize intra-African trade flows of not less than $US 100 million in the period 1987-1991, for arrangements for in fact underway for the Association to receive more than US 1,000,000 through international co-operation for financing the direct intra-African trade development component of its 1987-1990 medium-term programme of work.

34. For the foregoing reasons, the Secretary-General strongly recommends to the Honourable Ministers that ATPC be revitalized and maintained and ardently hopes that Their Excellencies will concur.